

TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Jeff Robinson and Shawn Snyder

DATE: July 1, 2011

Monthly General Fund Receipts through June 30, 2011

The spreadsheet at the end of this document presents FY 2011 General Fund total net receipts with comparable figures for actual FY 2010. The figures can be compared to the FY 2011 estimate of \$5.767 billion set by the Revenue Estimating Conference (REC) on March 25, 2011. The FY 2011 projection is an estimated increase of \$274.3 million (5.0%) compared to actual FY 2010 total net receipts (excludes transfers). The next REC meeting has not been scheduled.

FY 2011 Monthly Estimate Comparison - Dollars in Millions						
Most Recent REC Projected Growth for the Year, Excluding Transfers = + 4.99%						
Year-to-Date Ending:	Year-to-Date FY 2010	Year-to-Date FY 2011	Dollar Change	% Change	Year-to-Date Change at REC Estimate for the Entire Year	Year-to-Date Above (Below) Estimated Change
Oct	\$ 1,777.6	\$ 1,813.9	\$ 36.3	2.0%	\$ 88.8	\$ -52.5
Nov	2,318.6	2,385.7	67.1	2.9%	115.8	-48.7
Dec	2,751.0	2,855.6	104.6	3.8%	137.4	-32.8
Jan	3,168.1	3,378.1	210.0	6.6%	158.2	51.8
Feb	3,607.6	3,824.8	217.2	6.0%	180.2	37.0
Mar	3,985.2	4,202.4	217.2	5.5%	199.0	18.2
Apr	4,354.6	4,530.5	175.9	4.0%	217.5	-41.6
May	4,999.0	5,312.4	313.4	6.3%	249.6	63.8
June	5,504.0	5,833.4	329.4	6.0%	274.9	54.5
Year end	5,492.8				274.3	

Overview of Current Situation

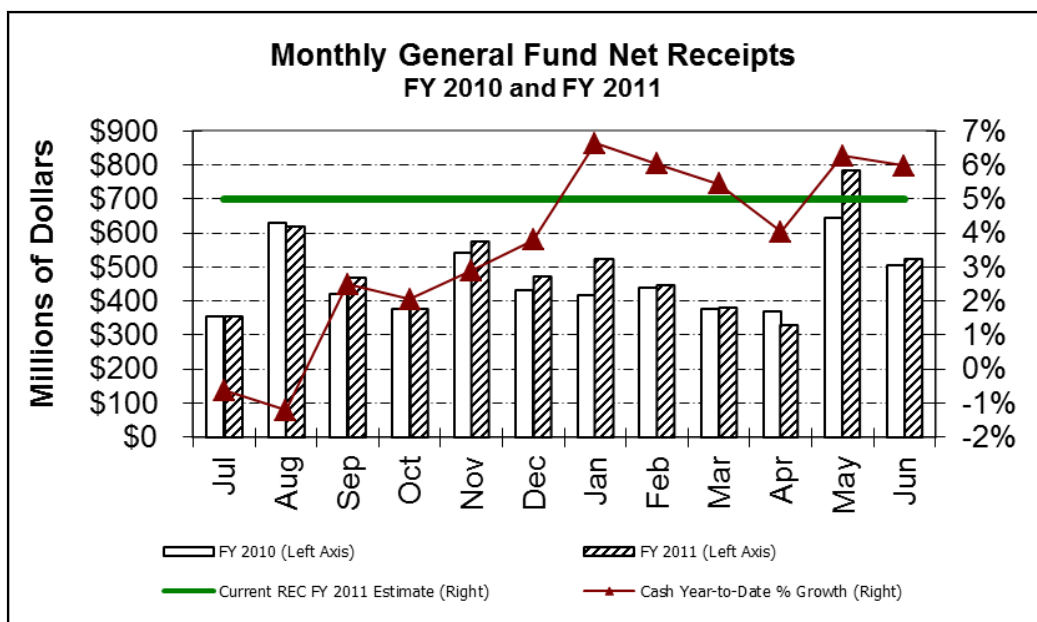
June 2011 net General Fund revenue was \$15.9 million (3.1%) above the June 2010 net revenue level. The June 2011 comparison was negatively impacted by calendar issues, so the true percentage increase was somewhat better than 3.1%.

The General Fund ended the cash fiscal year one percentage point (\$54.5 million) above the current revenue estimate. The final net revenue amount for FY 2011 will not be available until the end of September 2011, and adjustments could increase or decrease the \$54.5 million figure.

FY 2011 Compared to FY 2010

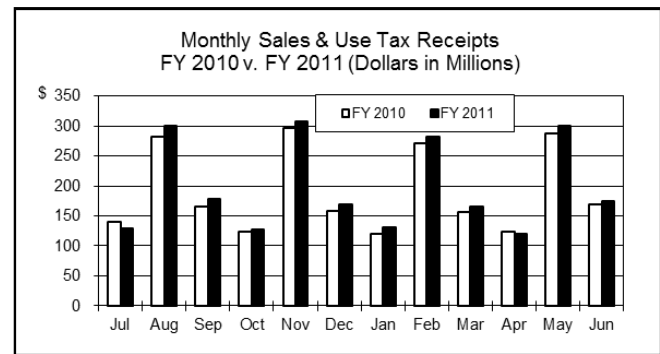
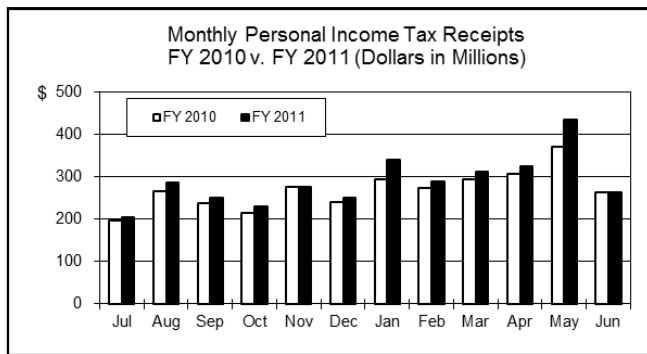
Year-to-date FY 2011 total net receipts (excluding transfers) increased \$329.4 million (6.0%) compared to FY 2010. Major revenue sources and their contribution to the FY 2011 change include:

- Personal income tax (positive \$225.8 million, 7.0%)
- Sales/use tax (positive \$88.4 million, 3.9%)
- Corporate tax (positive \$5.2 million, 1.3%)
- Other taxes (positive \$8.7 million, 2.0%)
- Other receipts (negative \$21.0 million, - 5.8%)
- Tax refunds not including school infrastructure refunds (positive \$28.1 million)
- School infrastructure sales/use tax refunds (negative \$5.9 million)



Personal Income Tax revenues received in June totaled \$263.5 million, a decrease of \$0.9 million (- 0.3%) compared to June 2010.

The FY 2011 REC income tax estimate of \$3.435 billion represents a projected increase of 6.2% compared to actual FY 2010. Gross personal income tax revenue ended the cash year with an annual increase of 7.0%. By subcategory, withholding payments increased \$136.4 million (5.3%), estimate payments increased \$31.7 million (9.2%), and payments with returns increased \$57.6 million (18.6%). The following chart compares FY 2011 monthly income tax receipts with FY 2010.



Sales/Use Tax receipts received in June totaled \$174.3 million, an increase of \$5.5 million (3.3%) compared to June 2010.

The REC estimate for FY 2011 sales/use tax receipts is \$2.395 billion, an increase of 4.4% compared to actual FY 2010. Gross sales/use tax revenue ended the cash year with an annual increase of 3.9%. The preceding chart compares FY 2011 monthly sales/use tax receipts with FY 2010.

Corporate Income Tax receipts received in June totaled \$60.8 million, an increase of \$13.0 million (27.2%) compared to June 2010.

The REC estimate for FY 2011 corporate tax revenue is \$386.2 million, a decrease of 0.8% compared to actual FY 2010. Gross corporate income tax revenue ended the cash year with an annual increase of 1.3%

Other tax receipts received in June totaled \$58.3 million, a decrease of \$4.3 million (- 6.9%) compared to June 2010. Insurance, cigarette, and franchise (bank) taxes decreased in June.

The REC estimate for FY 2011 other tax revenue is \$437.2 million, an increase of 0.8% compared to actual FY 2010. Other tax receipts ended the cash year with an annual increase of 2.0%

Other receipts (nontax receipts) received in June totaled \$22.2 million, a decrease of \$1.7 million (- 7.1%) compared to June 2010. Fees and judicial revenue decreased in June.

The REC estimate for FY 2011 other receipts revenue is \$324.4 million, a decrease of 9.7% compared to actual FY 2010. For the year, other receipts decreased 5.8%.

Tax Refunds issued in June totaled \$27.9 million, a decrease of \$3.7 million (- 11.7%) compared to June 2010. Cash year-to-date, regular tax refunds decreased \$28.1 million.

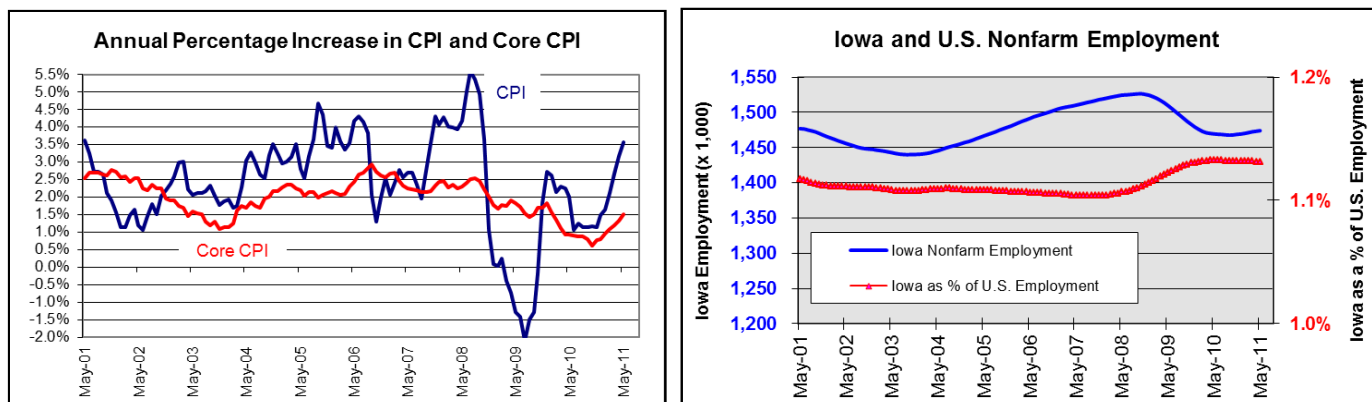
Status of the Economy

Iowa nonfarm employment was reported at 1,500,000 for the month of May (not seasonally adjusted), 10,000 higher (0.7%) than May 2010.

Iowa's 12-month average employment is presented as a blue line on the following graph. Iowa's average nonfarm employment peaked in October 2008 at 1,526,400, 47,700 above the peak (January 2001) prior to the previous recession. The current 12-month average reading is now 1,474,000, resulting in an annual average Iowa nonfarm employment level 52,400 below the October 2008 peak and 4,700 below the January 2001 peak.

The employment chart also presents Iowa nonfarm employment as a percent of U.S. nonfarm employment as a red line. Iowa's share of U.S. nonfarm employment decreased noticeably from 1999 through 2002. The decline continued at a much slower pace from 2002 through 2007.

Iowa's share of U.S. nonfarm employment has been improving since the start of the recession in December 2007; however, Iowa's employment share has declined slightly since June 2010.



The Consumer Price Index (CPI-U) through May 2011 was 226.0 (1983/84=100). Consumer prices increased 0.5% in May (not seasonally adjusted) and the annual rate of inflation now stands at 3.6%. The percentage increase in top-line CPI has increased significantly over the past six months and is now at its highest rate since October 2008.

Core CPI, an inflation measure excluding food and energy expenditures, increased 0.2% in May and totals a modest 1.5% year-over-year. Since the start of the last recession, the annual core inflation rate has been very low and has now been below 2.0% since December 2008. For the two components excluded from the core rate, energy prices are up 21.5% year-over-year while food prices are up 3.4%.

Information related to State General Fund receipts is available on the Fiscal Services Division's website at: <http://www.legis.state.ia.us/receipts/daily.html>

GENERAL FUND RECEIPTS - FY 2010 vs. FY 2011 July 1 through June 30 (in millions of dollars) Dollars may not add due to rounding. Percentages calculated on rounded numbers.					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 10 Actual Compared to FY 11 REC Estimate		
	FY 2010	FY 2011	Year to Date % Change	June % Change	Actual FY 2010	Estimate FY 2011	Projected % Change
Personal Income Tax	\$ 3,235.9	\$ 3,461.7	7.0%	-0.3%	\$ 3,235.9	\$ 3,435.0	6.2%
Sales/Use Tax	2,293.0	2,381.4	3.9%	3.3%	2,293.0	2,394.6	4.4%
Corporate Income Tax	389.3	394.5	1.3%	27.2%	389.3	386.2	-0.8%
Inheritance Tax	67.4	66.4	-1.5%	1.6%	67.4	62.0	-8.0%
Insurance Premium Tax	88.6	97.1	9.6%	-12.1%	88.6	93.0	5.0%
Cigarette Tax	206.1	200.1	-2.9%	-2.3%	206.1	202.4	-1.8%
Tobacco Tax	26.0	27.2	4.6%	19.0%	26.0	27.7	6.5%
Beer Tax	14.4	14.3	-0.7%	0.0%	14.4	14.3	-0.7%
Franchise Tax	31.6	36.3	14.9%	-20.8%	31.6	36.8	16.5%
Miscellaneous Tax	-0.4	1.0	0.0%	-100.0%	-0.4	1.0	0.0%
Total Gross Taxes	\$ 6,352.0	\$ 6,680.1	5.2%	2.5%	\$ 6,352.0	\$ 6,653.0	4.7%
Institutional Payments	14.8	10.0	-32.4%	75.0%	14.8	14.9	0.7%
Liquor Profits	80.3	89.3	11.2%	29.3%	80.3	83.7	4.2%
Interest	4.0	3.0	-25.0%	0.0%	4.0	2.0	-50.0%
Fees	47.8	30.1	-37.0%	-87.1%	47.8	26.0	-45.6%
Judicial Revenue	108.6	101.5	-6.5%	-14.8%	108.6	101.6	-6.4%
Miscellaneous Receipts	37.8	38.4	1.6%	15.4%	37.8	30.2	-20.1%
Racing and Gaming Receipts	66.0	66.0	0.0%	0.0%	66.0	66.0	0.0%
TOTAL GROSS RECEIPTS	\$ 6,711.4	\$ 7,018.5	4.6%	2.1%	\$ 6,711.4	\$ 6,977.4	4.0%
Accrued Revenue-Net					13.1	13.9	
Tax Refunds *	-839.2	-811.1	-3.3%	-11.7%	-859.1	-826.0	-3.9%
School Infrast. Refunds *	-368.1	-374.0	1.6%	-1.3%	-372.5	-398.1	6.9%
TOTAL NET RECEIPTS	\$ 5,504.2	\$ 5,833.4	6.0%	3.1%	\$ 5,492.9	\$ 5,767.2	5.0%
<p>The Actual FY 2010 column is now final.</p> <p>* For FY 2010 and FY 2011 Year-to-Date columns, refunds are presented on a cash basis. For FY 2010 Actual and FY 2011 Estimate, refunds are presented on a fiscal year basis.</p>							